

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0318P

**Use Tax
Calendar Year 2000**

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

II. **Tax Administration** – Interest

Authority: IC 6-8.1-10-1

Taxpayer protests the interest assessed.

STATEMENT OF FACTS

Taxpayer does research, development, consulting, and manufacturing for the federal government.

Upon audit it was found that the taxpayer failed to self assess use tax on clearly taxable items and had no use tax accrual system in place. Taxpayer filed its 2000 ST103 return on April 2, 2001 and was assessed a late penalty.

In a letter dated September 19, 2001, taxpayer protests the penalty and interest for calendar year 2000 that was not included in the audit. Taxpayer had assumed that the year 2000 would be included in the audit. Taxpayer states it was not until it received a notice that it realized something might be wrong and it was not a result of neglect but misunderstanding.

I. **Tax Administration** – Penalty

DISCUSSION

Taxpayer protests the penalty assessed and states that it withheld the submission of the year 2000

sales tax form because it believed the audit would include the year 2000.

The taxpayer was audited for 1998 and 1999 and had no use tax accrual system in place. There is no indication that the taxpayer would have paid use tax in the year 2000 as the return was not filed until April of 2001 after the audit for 1998 and 1999 was completed. Taxpayer filed its return after the due date and has not provided reasonable cause to allow the department to waive the penalty.

FINDING

Taxpayer's protest is denied.

II. Tax Administration – Interest

DISCUSSION

Taxpayer protests the interest assessed.

IC 6-8.1-10-1 does not allow the department to waive interest.

FINDING

Taxpayer's protest is denied.

CONCLUSION

Taxpayer's protest is denied for issues I and II.